

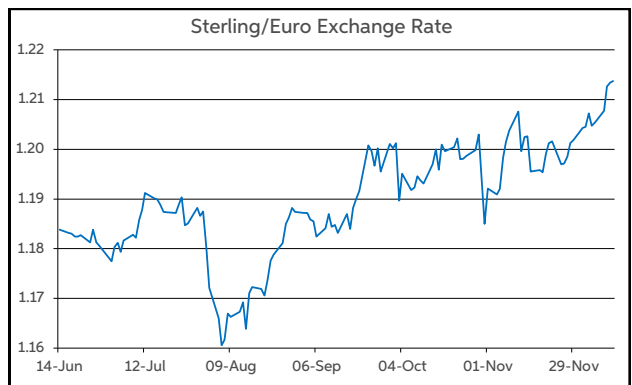
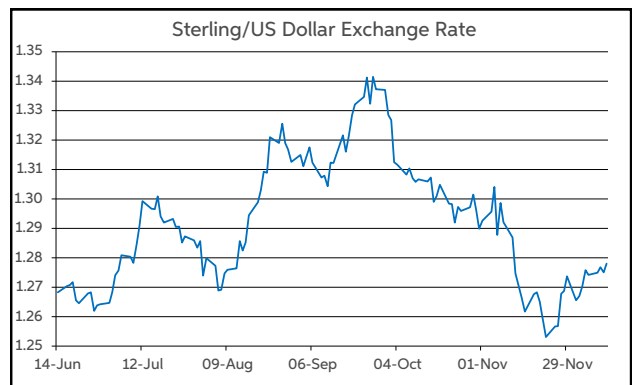
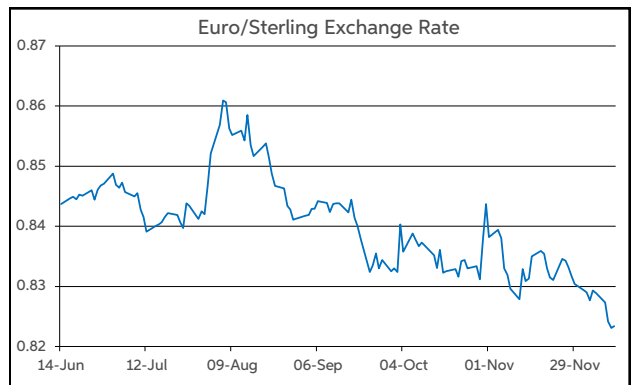
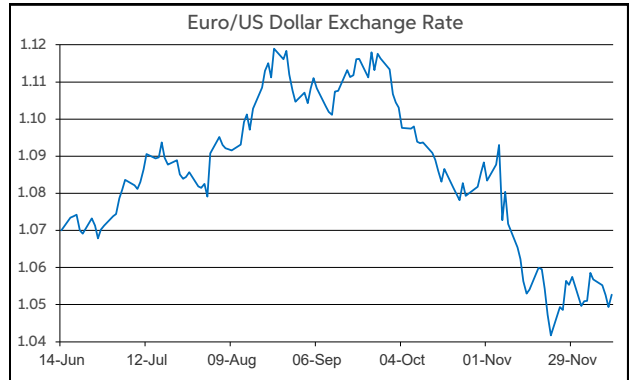
## ECB under the market spotlight today

The main focus of yesterday's macro diary was the release of US CPI inflation data for November. The two key measures printed in line with consensus forecasts. The headline rate edged slightly higher to 2.7% (from 2.6%), while the core rate remained unchanged at 3.3%. However, despite the data being in line with expectations, US futures contracts softened by around 5bps, with the market now moving nearer to fully pricing in a 25bps rate cut from the Fed at next week's FOMC meeting.

On the currency front, the euro remained on the defensive in the lead up to today's ECB policy announcement. This was reflected in EUR/GBP falling to a new year-to-date low of 82.26p. Meantime, EUR/USD tested back below the \$1.05 threshold to a low of \$1.048. In overnight trading, the euro has edged off these lows. Indeed, most of the majors open this morning showing minimal change over the past 24 hours. EUR/USD is operating in the lower half of \$1.05-1.06, while EUR/GBP is below the midpoint of 82-83p. Elsewhere, GBP/USD has been trading in a narrow range within the upper half of \$1.27-1.28.

Looking ahead to today, the aforementioned ECB meeting is in the market spotlight and therefore entails some key event risk for the euro. The market is fully pricing in a 25bps rate cut. This would see the Depo rate end the year at 3.00%. An important focus for markets from today's meeting will be what guidance, if any, is forthcoming regarding the interest rate outlook for 2025. Futures contracts indicate the market expects the Depo rate to fall towards 1.75% next year. However, recent remarks from a raft of Governing Council members have emphasised a "gradual" approach to easing, which suggest that the ECB may not cut to this extent.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0527	0.04	-4.61
EUR/GBP	0.8236	-0.07	-4.98
GBP/USD	1.278	0.13	0.40
GBP/EUR	1.2138	0.07	5.25
USD/JPY	152.33	0.40	7.99
EUR/JPY	160.4	0.43	3.06

\* v Previous Day's European Open  
See Next Page for More Rates

Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	4.63	4.39	4.35	4.13	4.27	4.10
EUR	3.40	2.89	2.87	2.32	2.10	2.08
GBP	4.75	4.68	4.62	4.33	4.34	4.09

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

Thursday 12 December 2024  
07:20 am



## Euro

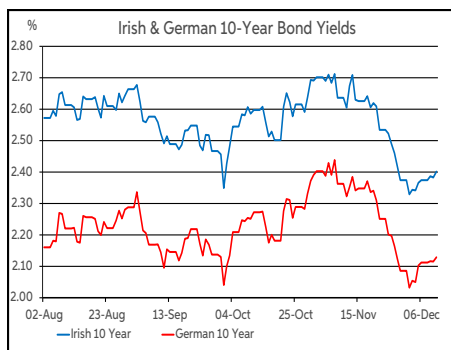
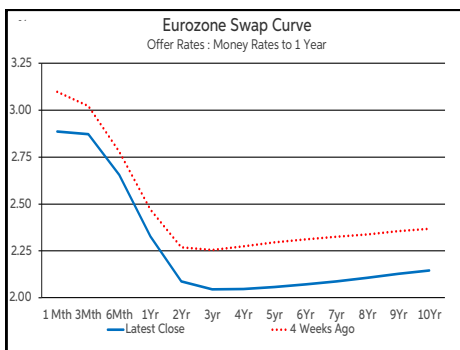
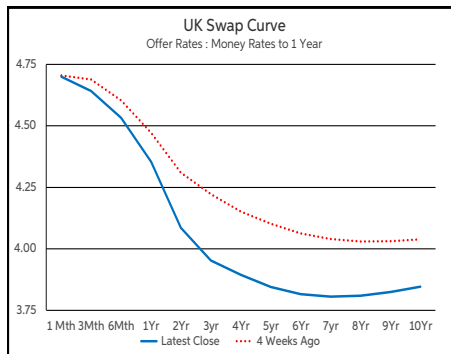
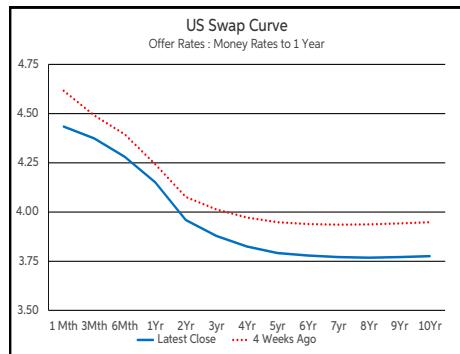
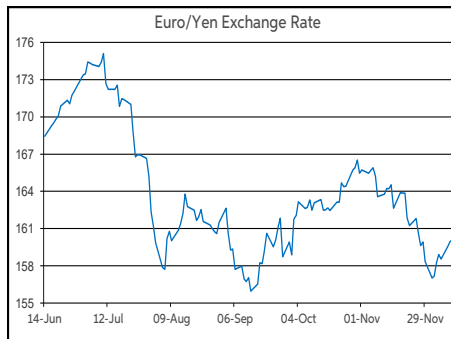
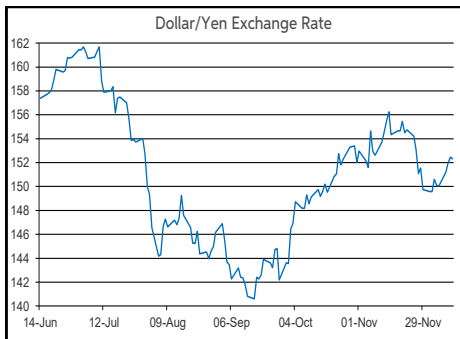
EUR/GBP	0.8236
EUR/USD	1.0527
EUR/JPY	160.4
EUR/SEK	11.5158
EUR/DKK	7.4569
EUR/NOK	11.6943
EUR/CHF	0.9288
EUR/AUD	1.6383
EUR/HKD	8.1849
EUR/CAD	1.4881

## Sterling

GBP/EUR	1.2138
GBP/USD	1.278
GBP/CAD	1.8065
GBP/NZD	2.1971
GBP/JPY	194.68
GBP/SEK	13.9588
GBP/DKK	9.0498
GBP/NOK	14.193
GBP/CHF	1.1276
GBP/AUD	1.9882

## Dollar

USD/JPY	152.33
USD/CAD	1.4138
USD/CHF	0.8822
USD/CNY	7.2593
USD/BRL	5.9545
USD/RUB	106
USD/INR	84.8625
AUD/USD	0.6425
NZD/USD	0.5814



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.27	+5	-18	+41
Germany	2.13	+2	-25	+10
UK	4.32	-0	-20	+78
<b>5 Year Swap %</b>				
US	4.05	+4	-14	+26
Eurozone	2.06	+1	-23	-37
UK	4.09	-1	-28	+43
<b>2 Year Swap %</b>				
US	4.22	+1	-10	-11
Eurozone	2.09	-0	-17	-71
UK	4.33	-1	-21	+7
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	29	-0	-4	-5
Belgium	57	+2	-6	-10
France	76	+0	+2	+23
Italy	106	-3	-17	-61
Spain	63	-2	-9	-33
Portugal	41	+0	-6	-35
Greece	77	-2	-9	-28

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	73.52	+1.84	+1.72	-4.57
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2717.9	+0.90	+5.60	+31.77

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